

SECTION C—STATEMENT OF WORK

C.1 INTRODUCTION

Diaspora¹ groups are potential powerful actors in international affairs and foreign assistance. Diaspora can contribute to their home countries by providing badly-needed investment, but also improving perception of the investment climate.² Diaspora investors tend to be less averse to political risk and economic shocks than other investors, often feeling a sense of pride and duty to their homeland.³ Most importantly, unlike FDI where the majority of profits eventually flow out of the country, a large percentage of direct diaspora investment stays in the country of investment.⁴

The goal of the USAID/BiH “Harnessing Bosnia and Herzegovina Diaspora for Economic Development” activity is to create new job opportunities for the citizens of BiH through increased diaspora investment.

This goal will be achieved by: 1) Leveraging diaspora input, into the development of an institutional policy framework for diaspora investment; 2) Expanding diaspora direct investment by providing technical assistance and grants to eligible, early-stage SMEs and start-ups⁵; 3) Developing a sustainable, local platform to provide business services and facilitation to potential diaspora investors.

C.2 BACKGROUND

C.2.1 BiH Diaspora Demographics

With more than 2 million individuals living abroad, the BiH diaspora is equal to 56.6% of the current population of the state of BiH (3.53 million)⁶, which makes BiH the top emigrating country in Europe’s emerging markets. The BiH diaspora is distributed among many countries, with large diaspora settled in Europe and the successor states to the former Yugoslavia, United States, Canada, and Australia.

With migration there are often many “push” or “pull” factors that lead people to emigrate. In the case of BiH, the armed conflict and resulting Balkan Wars (1992-95) “pushed” millions to emigrate resulting in the territorial relocation of 2.2 million inhabitants during this time period (over 1 million were displaced internally, and 1.2 million fled to foreign countries⁷). Nevertheless, it is important to emphasize that the BiH diaspora is not solely borne out of the 20-year postwar period. Dating back to the post-World War I economic boom, BiH emigrants were “pulled” by the lure of economic opportunity to Turkey, Germany, and other EU countries. These communities have been forged by long-term migration with subsequent generations of Bosnians/Herzegovinians, who connect with BiH as their heritage and not necessarily origin. Regardless of their destination country or socio-economic status, it is evident that these communities abroad maintain their commitment to family and friends back home. With USD 2.072 billion⁸ in remittances coming into the country and with remittance

¹ Diaspora is defined as emigrants and their descendants who live outside the country of their birth or ancestry, either on a temporary or permanent basis, yet still maintain affective and material ties to the countries of origin. The common thread among these recent arrivals and members of long-established communities is that they identify with the country of origin or ancestry and are willing to maintain ties to it. These ties are, potentially, beneficial to development- Developing a Road Map for Engaging Diasporas in Development, Migration Policy Institute (2010)

² Gillespie et al., 1999)

³ Diaspora Direct Investment (DDI): The Untapped Resource for Development-USAID 2009

⁴ See No 2.

⁵ A) Companies that have been in business less than three years and have a product or service in testing or pilot production; B) existing businesses that are family-owned and need modernization, access to finance, etc. C) start-ups companies that have been in business less than 6 months;

⁶ BiH Agency for Statistics: Census of population households and dwellings in Bosnia and Herzegovina, 2013 Final results-June 2016

⁷ Source: *Maximizing the Development Impact of Migration-related Development Flows and Investment into Bosnia & Herzegovina*, IOM Study, 2010

⁸ Source: Central Bank of BiH; Ministry of Human Rights and Refugees

payments making up 13.42 percent of the country's Gross Domestic Product (GDP)⁹, BiH is one of the world's per capita top remittance receiving countries. However, according to the World Bank, about 77 percent of remittances, on average, are believed to be spent on immediate needs, such as food, housing and healthcare. Recently, the deteriorating economic conditions, persistent poverty, and 42,0% percent unemployment rate¹⁰, especially among college-educated young adults, has led many to continue emigrating.

C.3 DEVELOPMENT HYPOTHESIS

USAID/BiH's strategic goal is to ensure BiH becomes a more stable country that moves closer to Euro-Atlantic integration. One of the specific benchmarks for measuring achievement of this goal is progress on the path to EU Accession. The 2012 -2016 USAID/BiH CDCS includes two development objectives (DOs) to achieve this overarching goal. The first DO strives to overcome political challenges in the country by creating more functional and accountable institutions and actors that meet citizens' needs, while the second DO focuses on the economic growth of the country with the aim of ensuring that BiH has a competitive, market-oriented economy providing better economic opportunities for all its citizens.

The development hypothesis of the economic growth DO 2 emphasizes that an economy with competition and based on market forces will result in new and better enterprises and ideas that lead to more jobs and opportunities. Private sector-driven economic growth provides the only means for a country to generate the public and private resources it needs to address development challenges on its own and emerge from dependence on foreign aid. Economic growth provides the material basis for progress in all other dimensions of development and long-term stability. Achievement of the economic growth DO requires achievement of two Intermediate Results (IRs):

- IR 2.1. Improved capacity of the private sector to compete in the market economy; and
- IR 2.2. Improved economic aspects of governance relevant to business activity.

This activity contributes to Project 2.1, which directly corresponds to IR2.1. (Project 2.1 logical framework is in section J, Attachment XXX). The development hypothesis of Project 2.1 assumes that the stronger private sector export performance, increased FDI inflows, and domestic direct investments (supported by targeted technological innovation that increases resource efficiency) will restore and accelerate economic growth in BiH while strengthening integrative ties with the EU.

Project 2.1's purpose is to improve the capacity of the private sector to compete in a market economy. The Project, as a set of activities, is targeting specific market failures that inhibit performance of private enterprises' success. This includes addressing specific regulatory and institutional barriers critical for private enterprises, but also strengthening government/public and private organizations that support competitiveness of private enterprises. All activities are carried out through close local partnerships. The ultimate results will be a more competitive private sector able to withstand competitive pressures and market forces within the EU (Copenhagen criteria) underpinned by sustained and expanded employment opportunities.

The Harnessing Bosnia and Herzegovina Diaspora for Economic Development Activity will be primarily contributing to Project 2.1 Sub-purpose 2.1.2-1 Investment Growth – Increased investment in the private sector and Project 2.1 purpose. The development hypothesis for this activity is that if linkages are made between domestic investment opportunities and diaspora capital/knowledge, if business enabling obstacles are reduced, and if diaspora have access to finance, technical assistance, and grants to start and expand enterprises than diaspora investment in BiH will increase which will contribute to job creation.

⁹ Sources: Central Bank of BiH, BiH Ministry of Foreign Trade and Economic Relations, BiH Ministry of Human Rights and Refugees

¹⁰ BiH Agency for Statistics April 2016

C.4 CONTRACT OBJECTIVES AND EXPECTED RESULTS

The following sections describe the objectives and results that the Contractor must accomplish under the contract. The Contractor must demonstrate a clear understanding of the development context in BiH and utilize this information to prioritize interventions and activities. The Contractor's activities must also address the cross-cutting issues detailed below.

The purpose of this activity is to increase diaspora direct investment. The purpose will be achieved by the following objectives:

Objectives:	Life of Activity
Objective 1: Leveraging Diaspora input, into the development of an institutional policy framework for diaspora investment.	3 years
Objective 2: Expand diaspora direct investment by providing technical assistance and grants to eligible, early-stage SMEs and start-ups.	5 years
Objective 3: Develop a sustainable local platform to provide business services and facilitation to potential diaspora investors.	4 years

C.4.1 Leveraging diaspora input, into the development of an institutional policy framework for diaspora investment.

A. Development Context

Contrary to the current trend among many countries with large diaspora populations¹¹, BiH does not have a separate Ministry for Diaspora, nor does it have a coherent diaspora policy framework. Instead, duties concerned with BiH's diaspora are dispersed over several ministries and agencies at the State level (instead of at the Entity or local levels). According to the Law on Ministries and Other Administrative Bodies of BiH, which was adopted in 2003, the Ministry of Foreign Affairs has the responsibility to protect the rights and interests of BiH citizens abroad, both temporary and permanent. It is also concerned with the coordination of the work of Bosnian embassies and other consular bodies, and of the cooperation with emigrated Bosnians.

Although the Ministry of Foreign Affairs has the overall responsibility of cooperation with BiH diaspora, the main body responsible for diaspora policy is the Department for Diaspora, located in the Ministry for Human Rights and Refugees. This department is in charge of formulating a diaspora policy, but one has yet to be drafted.

At the Entity level, the Ministries of Finance and Economy also support diaspora investment; however this is not coordinated with the State level Ministry of Human Rights. To further complicate the fragmentation of roles and responsibilities assigned to different government ministries and institutions, the Ministry of Civil Affairs and the BiH Agency for Labor and Employment both have minor responsibilities related to the education of migrant children abroad and on bilateral agreements on employment and circular migration.¹²

When compared to Serbia, Montenegro, and Kosovo that have adopted National Level Diaspora Strategies, BiH is lagging behind other countries in the region. The BiH diaspora is highly dissatisfied with the absence of government support.¹³ Current streamlined initiatives to engage

¹¹ Developing a Road Map for Engaging Diasporas in Development: A Handbook for Policymakers and Practitioners in Home and Host Countries

¹² Graflaand, Puck (2012). "Policies and Politics in Diaspora Contribution: Effects of Migrant Sending and Receiving Government Policies on Diaspora Contribution to the Home Country - Including a Case Study on the Bosnian Diaspora in Germany"-Puck Graflaand", page 60.

¹³ See No 10

diaspora tend to be rather limited, unsystematic, and not undertaken in the spirit of co-creation with BiH diaspora groups. Realizing the significant impact that diaspora could play in BiH economic development several local NGOs organized Bosnian Diaspora Business Forums (Mostar and Prijedor -2013, Sarajevo-2014 and Banja Luka-2015) which brought together significant number of diaspora entrepreneurs who expressed their interest to invest in the country. Participants in these forums concluded that the BiH diaspora is a great asset which has not been sufficiently exploited, not only in terms of investments, but in the transfer of modern technology and experience in contemporary economic management and business acumen that are extremely necessary to further BiH's development. However, it was also highlighted that for such development potential to be fulfilled, effective institutional policies are vital. The same conclusions were made at the last Bosnian Diaspora Congress that was held in spring 2016. Despite these repetitive calls for a coherent diaspora policy from the diaspora community, no such framework has been drafted or adopted.

In addition, bureaucratic, regulatory and other informal barriers are difficult to negotiate for Diaspora investors not living in the country. The 2014 report "Diaspora and Development in Bosnia and Herzegovina," noted that "there is a lack of institutional capacity for more active diaspora engagement in development" due to the complex administrative, economic, and political environment in BiH. The report "To BiH or not to BiH?" that discussed the return of young diaspora to the BiH labor market, identified that "while many migrants are interested in entrepreneurship, few actually initiate business activities upon return. This indicates obstacles and complications linked to doing business in BiH¹⁴. The World Bank estimates that in Sarajevo, starting a business requires an average of 37 days and 11 separate procedures, well above the average for the region. These barriers are difficult to negotiate for diaspora investors not living in the country. In an effort to promote the growth of businesses in its entity, the Republika Srpska (RS) passed a series of amendments in the fall and winter of 2013 to create an RS one-stop-shop for business registration. Although the RS centralized the process of registering a business, ostensibly making it easier, faster, and cheaper for new business owners to register their companies in eleven towns of the RS¹⁵, it still does not provide investment information, business advisory services, or outreach activities to potential diaspora investors.

The BiH Government under the leadership of the Ministry of Human Rights and Refugees has plans to develop a migration policy which would, among other things, articulate BiH programs and activities aimed at promoting diaspora economic engagement. Other organizations, including UNDP and IOM¹⁶ have expressed interest in supporting development of this policy. Therefore, USAID does not intend to be significantly involved in this effort but will provide some support through: 1) an assessment of barriers to diaspora investment; and 2) facilitating, when practical, diaspora input into the process.

Note further that the results of the assessment may be used to inform other development programs aimed at improving the business environment, including those implemented by USAID, the World Bank, and the European Union.

B. Contract Activities

The Contractor must perform the following services:

- The Contractor shall conduct a diaspora investment assessment. The Assessment will determine what obstacles/barriers exist specifically for diaspora and must include an analysis of government institutions, regulations, policies, and laws that pertain to barriers of diaspora investments in BiH. The assessment must identify the intersections between the needs of diaspora investors and policies that will create a stronger business enabling environment. The

¹⁴ To BiH or not to BiH?: A report on the return of young Diaspora to the BiH labour market", MDG Achievement Fund, Youth Employability and Retention Programme.

¹⁵ <http://photos.state.gov/libraries/sarajevo/30982/pdfs/2014-investment-climate-statement.pdf>.

¹⁶ Funded by Swiss Cooperation Programme.

assessment will measure what diaspora perceive as barriers for their engagement (e.g. lack of information, financial products, business registration services, etc.).

Expected results

- The assessment will provide recommendations for BiH's diaspora investment policy framework.¹⁷

C.4.2. Expand diaspora direct investment by providing technical assistance and grants to eligible early-stage SMEs and start-ups.

A. Development Context

Overall, BiH migrants can be considered quite entrepreneurial; with a considerable number (32%) having or intending to invest in their place of migration. Compared to this, a relatively few (6%) have invested in BiH to date. This level of past investment in the country of origin is considerably lower than for other countries studied. Looking forward, 26 per cent of all Bosnian migrants are planning to initiate or expand an investment in a business enterprise in BiH in the future. The investment intentions of Bosnian immigrants are very similar across socio economic factors, including income, education and sector for employment, among others.¹⁸

Bosnia and Herzegovina (BiH) is one of the world's top per capita remittance receiving countries. According to the Central Bank, in 2014 \$2.3 billion in official remittances entered the country representing 13 percent of Gross Domestic Product (GDP). It is generally presumed that remittances are primarily destined for consumption (the World Bank estimates approximately 77 per cent). The remaining 23 percent of remittances could be directed towards investment. However, a notable problem associated with remittances is a lack of associated financial sector products that successfully leverage remittances for productive investments. These could include products that direct investments to small and medium enterprises (SMEs), portfolio investments in emerging stock markets or government bonds, philanthropic contributions, and/or the development of trade and business networks for joint ventures.

In general, a few financial institutions have attempted to provide banking products and services to remittance recipients in developing countries, but none have sought directly to leverage diaspora as investors. Additionally, commercial bank financing for BiH's established SMEs exists, although it is very limited for early-stage SMEs seeking to expand and/or diversify operations. These banks have limited experience with cash-flow based lending to the diaspora segment, so there is plenty of room for improvement. This is very relevant for diaspora-based businesses, which are early stage and lack credit history in BiH, to secure access to finance. Proactive financial institutions are eager to work with diaspora but do not know their socio-economic profile or how to reach them."

The Contractor must perform the following services:

- **Establish small matching grant program for eligible, early-stage SMEs and start-ups¹⁹**

The Contractor will partner with a pre-identified commercial bank to establish and manage a grant program of \$2 million²⁰ (\$1 million from USAID and \$1 million from a local commercial bank). The grant program will be established with a portion of remittance fee revenue, USAID resources, and other financial support provided by the bank in the form of corporate social responsibility funds.

¹⁷ The assessment will take into consideration other donors' support in institutional policy framework for diaspora investment. The recommendations made will be subject to further USAID consideration and approval of the next steps.

¹⁸ Maximizing the Development Impact of Migration-Related Financial Flows and Investment to Bosnia and Herzegovina-IOM International Organization for Development and IASCI International Agency for Source Country Information, page 14

¹⁹ See No 5

²⁰ Each grant should be structured as a grant with conditional disbursement to milestones achieved

Each grant shall be matched by equity capital of diaspora entrepreneurs.²¹ The Contractor is also required to ensure clear, transparent eligibility criteria and competitive procedures for grants awarded from the grant fund with key considerations to include: diaspora status, expected results, market distortion, and the amount of leverage, with special consideration of female and youth economic empowerment. The Contractor will be responsible for administering and overseeing the Grant Program, where prior USAID and bank approval will be required for all grants.²²

- **Organize a business plan competition to spur BiH/diaspora investment /BiH Diaspora Marketplace (BDM)**²³

The Contractor will conduct a public call for diaspora entrepreneurs to pitch their business plans, including but not limited to "road shows," outreach events, and via social media. Events can be organized jointly with the partner bank(s) to include business plan presentations, pitches, and simulations. Business proposals for small grants must demonstrate a well-structured idea and business model that have the potential to be profitable, sustainable and generate economic development in the following sectors: agriculture, tourism, information and communication technology (ICT), metal industry, wood industry and energy sector. Proposals should demonstrate the ability to achieve tangible results in terms of business growth and economic development during the grant period and beyond. Information regarding existing operations in BiH, if any, should be provided. It should define relevant outcome indicators and targets such as production, sales, direct and indirect jobs created, increased wages, etc.

- **Awarding of grants and provision of Business Advisory Services to BDM Grantees**

Business plan competition winners may then access grants through the Grant Program. Grant beneficiaries will have to provide at least a one-to-one (1:1) match in the form of equity (cash or in-kind)²⁴ to their proposed business, which will be matched by the USAID/Bank-funded award.

The Contractor can partner with an existing business incubator to assist awardees in further developing business plans, conduct market analysis, and other technical support. Once they graduate the Contractor can link diaspora awardees to the bank that provides specific financial products for diaspora under the DCA Activity. The Contractor will closely coordinate these activities with USAID's DCA Office in Washington, DC.²⁵

All grants must contribute directly and substantially to increasing diaspora investment and creating jobs in BiH, as distinguished from generating financial benefits that accrue solely or primarily for a single grant recipient. The Contractor must ensure that small grants do not distort the market or favor one producer, business group, or interest over another. In improving the competitiveness of a particular sector, sub-sector, or enterprise cluster, grants shall foster a level playing field for competing and complementary firms in the same value chain. All small grants, in particular those to for-profit firms, will include appropriate provisions to ensure that program income is used to advance activity objectives. All assistance under the activity must conform to the requirements in ADS 219, e.g., programs being open to women, annual reporting requirements, and commitments to attain financial sustainability. The contractor must adhere to these requirements.

²¹ In a later phase a Loan Portfolio Guarantee provided to the bank will facilitate debt lending to the qualifying startups and early stage SMEs

²² In the spring of 2015 one BiH Bank accepted the USAID proposal for partnership and decided to allocate \$1 Million from their earned fees (including the fees from the remittances money transactions) and support the BiH Diaspora startups and related businesses. This money would be provided over the 5 year period in the form of as a parallel funding with USAID provided funds.

²³ Example in which USAID is teaming up with diaspora communities to maximize their contributions to their home countries is through the African Diaspora Marketplace (ADM). Launched in 2009 by USAID and Western Union, ADM aims to encourage sustainable economic growth and employment by supporting African diaspora entrepreneurs

²⁴ Leverage: a 1:1 resource match (both cash at least 25% and the rest of 75% may be in-kind contribution). In-kind contribution may include "sweat equity" i.e. investment of time an entrepreneur or mentor (knowledge transfer) was making into the business and foregoing a salary or reduced salary

²⁵ See No 17

Expected results:

- At least 70 diaspora eligible, early stage SMEs and startups graduate from the BDM by the end of Year 5;
- At least 250 new jobs of assisted enterprises;
- Diaspora direct investment increased²⁶ by at least \$2 million as evidenced by the amount of equity contributed by diaspora entrepreneurs and other metrics established to capture qualitative impacts such as diaspora knowledge transfer, introduction of new technologies, etc.;
- Remittances transfers linked toward enterprise investment and development.²⁷

C.4.3. Develop sustainable local platform to provide business services and facilitation to potential diaspora investors.

A. Development Context

In contrast to the high unemployment levels in BiH, the majority of BiH emigrants are economically active²⁸ and, on average, the employment rate of the BiH diaspora labor force is around 80%²⁹. Brain drain remains one of the major problems that the country is facing. According to the World Economic Forum, Bosnia and Herzegovina was ranked 140 out of 144 countries. An extensive UNDP research carried out by Oxford University found that 62.6 % of BiH youth would like to leave the country due to employment concerns.³⁰

Meanwhile, BiH has done very little in terms of responding to these challenges. In particular, it has not strategically created programs to keep talented youth in-country nor has it engaged its highly qualified Diaspora in order to counter these negative trends. There are many self-organized BiH diaspora associations worldwide. The Ministry of Human Rights and Refugees has official information on two hundred and seventeen associations, but, according to the Ministry, there are many more. A comprehensive database about BiH diaspora organizations and their activities does not exist. Some diaspora organizations are focused on helping their communities of origin improve the quality of life in their host countries or on fundraising activities for humanitarian needs. Many actively look for ways to “give-back” to their country or hometowns of origin. They include:

- BiH diaspora World Umbrella Association headquartered in the U.K that represents 25 associations worldwide³¹;
- Bosnian-Herzegovinian American Academy of Arts and Sciences that gathers several hundred prominent academia members, scientists, and experts from the United States and Canada focused on transferring their professional knowledge philanthropically to BiH;
- Bosana Foundation from Los Angeles that helps orphaned and marginalized youth from BiH by providing job training, internships, and mentoring;
- Swedish Academics, Artists, and Entrepreneurs Network (APU) with 250 industry and academia experts from Scandinavia; and
- Australian Union of BiH Associations.

While each of these diaspora groups is individually attempting to become more engaged in BiH’s economic development, there is a lack of collaboration among them and the absence of a single,

²⁶ Source of direct investment that may not have otherwise occurred;

²⁷ See footnote No 17;

²⁸ IASCI/IOM, 2010,

²⁹ BiH Ministry of Human Rights and Refugees;

³⁰ Maximising the Development Impact of Migration-related Financial Flows and Investment from Austria to Bosnia and Herzegovina Prepared for OeEB by International Agency for Source Country Information (IASCI) and International Organization for Migration (IOM), Vienna Mission

³¹ Source: a Letter from Diaspora Congress to USAID Mission Director requesting USAID assistance in creating policy framework and diaspora investment opportunities

official platform established by the BiH government or some other institutions (NGO or private sector initiative) that could help streamline these fragmented diaspora efforts. There is a lack of interaction and coordination with BiH's direct investment needs. The utilization of the latest online technologies and social media communities would create additional opportunities for diaspora organizations to facilitate contributions to the country's development in very efficient ways.

B. Contract Activities

In order to build long-term sustainability and potentially qualify for a separate USAID direct award, the Contractor will partner with a local NGO "Nasa Perspektiva" to carry out the following contract activities:

- Establish a One-Stop Shop to provide information and services to diaspora investors to facilitate their investment in BiH.³² These services may include but are not limited to: assistance and advice on setting up a business including the business registration paperwork, advice on investment opportunities, legal and regulatory requirements, liaison with local institutions, lawyers, bankers and other professionals.
- Establish a diaspora online business network - An online forum for diaspora can serve as a database for investment opportunities, networking events, investment conferences, and facilitate matchmaking between diaspora and local businesses. It will provide opportunities for virtual knowledge and technology transfer, mentoring, and volunteerism. A web-based portal will provide information and links to BiH diaspora associations worldwide, and links to the BiH Foreign Investment Promotion Agency, Central Bank, and other relevant government institutions. An online BiH Diaspora Map will be built into the web portal, which collects and visualizes BiH diaspora business organizations' presence and influence.
- Conduct outreach activities and organize Diaspora investment conferences and Business-to-Business (B2B) events that will bring together Diaspora investors, local business communities, and government representatives. These venues will serve as a platform to promote investment opportunities directly to Diaspora investors and will include networking and showcase opportunities. With the assistance from the Contractor Nasa Perspektiva will promote diaspora investment prospects through public outreach campaigns by engaging local media and media established by diaspora associations for exchanges that highlight success stories from BiH and the region, and promote radio and television appearances to showcase diaspora investment successes;
- Within the first quarter of the one-stop shop operation, develop a strong, detailed business plan, with high impact service provision as the fee-based core offering, in order to achieve sustainability. The business plan will be developed by Nasa Perspektiva with assistance from the Contractor, which must approve the final business plan. The approved business plan is the foundation for all subsequent activities in the sub-contract.

The Contractor will work with local NGO "Nasa Perspektiva" to build their capacity with the eventual goal to enable them to meet the standards of 2 CFR 200 and ADS 303."

³² This includes experienced diaspora investors, later-stage (mature) companies, and diaspora-led multinationals, as a means to generate greater impact on investment volume and job creation

Expected Results:

- Increased BiH diaspora investment by \$20 million evidenced by a comparative analysis of data on investment levels registered on an online catalogue of opportunities at different periods of performance on the web portal over the five-year period;
- Cohesion among diaspora business networks improved through an online BiH Diaspora Map built into the web portal, which collects and visualizes BiH diaspora business organizations' presence and influence. Map users will be able to view diaspora organizations by sector, countries of registration and other characteristics. The Map will register at least a100 BiH diaspora organizations worldwide by the end of year 2³³;
- By the end of year 4 a fully self-sustaining one-stop center and web-portal providing fee-based services and information to BiH Diaspora Investors and associations.

C.5 CROSS-CUTTING PRINCIPLES

There are four key cross-cutting principles for this activity, each of equal priority. The Contractor must implement all activities in compliance with these key principles.

a) Gender Equality and Female Economic Empowerment

Consistent with the USAID ADS 205, in March 2011, USAID/BiH conducted a gender analysis in order to identify the current status of women in BiH society, as well as to document USAID/BiH's successful efforts to address gender issues and consequently opportunities to strengthen those efforts. This analysis also provided recommendations aimed at enabling an equitable gender balance in our programming.

The activities under the Harnessing Bosnia and Herzegovina Diaspora for Economic Development will take into account the role of women and facilitate where possible their involvement and professional development. The Contractor will be required to ensure that the activities are reducing the gaps between males and females that were identified in the gender analysis.

The Contractor must take into account the role of women and facilitate their involvement and professional development. The Contractor must also consider how the different roles and status of women and men will affect the work, and how the anticipated results will affect women and men differently. The activity's capacity building and private sector support must take into account possible gender imbalances and provide equal opportunities for women to participate in all activities and to benefit from USAID assistance. In recognition of a possible imbalance in opportunity accessibility, the Contractor shall make special efforts to ensure that women diaspora, and women-owned SMEs are provided with equal opportunities to become beneficiaries of USG-funded assistance.

Consistent with USAID's policy the Contractor must develop output and outcome indicators on gender equality and female empowerment for tracking progress toward implementing results and measuring gender impact. The following indicator must be included in the final M&E plan:

- Proportion of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income, or employment).

The Contractors Work Plan and Quarterly Reports shall describe all actions taken to ensure the participation of women, including required data with gender breakdowns of participants and beneficiaries.

³³ For reference of diaspora map, see <http://www.diasporaalliance.org/the-diaspora-map/>

b) Ownership and Sustainability

All activities must be conducted in close cooperation and partnership with local counterparts to ensure their full ownership. The assistance must, whenever possible, be designed to favor long-term solutions which could be performed by existing BiH institutions and organizations. To ensure that sustainability is achieved and host country partners and beneficiaries are empowered to take ownership of development processes, including financing, and maintaining the results and impacts beyond the life of the activity, the Contractor must conduct a sustainability analysis and develop sustainability plan within the first quarter of operation to ensure that issues of sustainability is built in from the beginning of the activity. This sustainability plan must include details on how sustainability can be achieved through the life of activity and how the activity will build in tools and capacity to ensure that local institutions and partners will have the ability to maintain results and processes after USAID support has ended.

c) Environmental Best Practices and Climate Change

In order to identify any potential negative impacts and ensure compliance with USAID and USG environmental procedures, the Contractor will be required to develop procedures to assess the environmental impact of proposed assistance and develop mechanisms to address the relevant assessment requirements. The environmental compliance of the award will be guided by the approved Initial Environmental Examination (IEE). The IEE is attached to the RFP and Oferrors need to incorporate IEE requirements in their proposals. Moreover, BiH is vulnerable to climate change as a result of a legacy of weak environmental management. This increases the threat to the particular sectors in BiH from climate risks. The Contractor must integrate environmental sustainability and climate change adaptation into its activities.

C.6 MONITORING AND EVALUATION

USAID focuses relentlessly on measuring and delivering results, and providing accountability for every US dollar invested by the American people. The Contractor must submit a Monitoring and Evaluation Plan (M&E) that allows for measuring implementation progress against performance indicators and related targets and benchmarks. The required M&E Plan template is attached to Section J. The M&E Plan must be submitted within 90 days of the award and approved by USAID. The Contractor must develop performance indicators; collect necessary baseline and annual follow-up data, and numerical targets to measure the results for each activity component and to assess the impact of proposed interventions. The Contractor must produce a Performance Indicator Sheet for each indicator, which will identify the data sources and collection methods. The M&E Plan must be updated and submitted annually, unless specified otherwise by USAID.

The following section provides specific indicators that will be used to measure the success of the activity. The resulting contract will include all below stated indicators with specific targets (annual and Life of Project-LOP) and the Contractor's performance will be measured against achieving stated targets. In order to track how effectively USAID assistance contributes to gender equality and female empowerment, the M&E plan must include gender-sensitive indicators and sex-disaggregated data.

Expected Results at the Purpose Level: (these results capture impact of assistance at the level of entire sub-sectors:

1. Increased private sector investment (domestic and foreign) resulting from USAID assistance/diaspora initiative;
2. Increased number of jobs resulting from USG assistance.

Indicators

1. Number of direct jobs resulting from USG assistance;
2. Number of changes made to business enabling environment (F indicator)³⁴;
3. Number of institutions/organizations mature viable in the competences areas strengthened as a result of USG assistance (F indicator);³⁵
4. Number of days of USG funded technical assistance in business enabling environment provided to counterparts or stakeholders (F indicator);
5. Value of direct investment (domestic and foreign) resulting from USAID assistance to localities and diaspora initiative;
6. Number of SMEs and startups receiving business development services from USG assisted sources;
7. Number of diaspora related business networks/links created.

C.7 COORDINATION WITH USAID AND OTHER DONOR ACTIVITIES

The Contractor must coordinate closely with current and future USAID activities and work to synergize diaspora initiatives with other international donors. Please find below a brief summary of activities in which this activity must coordinate closely with:

- **USAID/BiH Development Credit Authority Program:** USAID/BiH in conjunction with the Swedish Embassy developed a 50% Development Credit Authority loan portfolio guarantee with a private commercial bank to support diaspora entrepreneurship in Bosnia and Herzegovina (BiH). The proposed facility will align with USAID/BiH and Sida's development objectives. The Bank will provide funding and support of the Grant Program (Bosnian Diaspora Marketplace) to provide financing to eligible, early stage SMEs who compete in a business plan competition and are awarded start-ups. The DCA program will help diaspora and private investors in BiH access financing in support of qualifying projects, which will result in investments in productive value chains that will sustain and create local jobs, and increase sales and exports for enterprises. It will also engage BiH diaspora to invest in the country. This mechanism will spur private lending from BiH commercial institutions by reducing their risk. This program supports USAID/BiH's development goal and its Country Development Cooperation Strategy (CDCS), by helping address the dearth of private sector investment and by reducing unemployment.
- **Agriculture-Agribusiness Microenterprise Development in Herzegovina:** USAID's activity, Agriculture-Agribusiness Microenterprise Development in Herzegovina, provides targeted technical assistance and capacity building trainings to help farmers and microenterprises in the Herzegovina region better compete in a market economy. The activity will establish an Agribusiness Center for Professional Development in Herzegovina to provide support and advisory services to farmers to introduce modern farming practices, and teach them how to grow new varieties of high-value crops and implement international agricultural safety standards. The activity supports participation of women and youth by providing opportunities for entrepreneur-ship and employment in small and medium-sized enterprises in the agricultural sector.
- **Swiss Cooperation Programme:** One of the strategic objectives of the Swiss Cooperation Programme is to unlock the potential of migration in relevant fields of transition, mainly for socio-economic development. Conceptual Migration and Development (M&D) topics were explored by a specific pilot project, mandated to UNDP, which was in the position to establish close interaction with the Swiss supported Integrated Local Development Project

³⁴ This indicator will be included only if the assessment provides recommendations for USAID involvement over the three year period - subject to USAID considerations and approval;

³⁵ See Footnote No 31

(ILDP). Measures for an effective integration of migrants' contributions to the country's development were introduced into ten local development strategies. The first pilot project on M&D was concluded in 2015. The second phase is expected to start in the second half of 2016 and will be implemented by UNDP and IOM. The Contractor shall coordinate closely with UNDP and its implementers to improve efficiency and to avoid duplication of efforts.

- HUB387 will organize and host IT industry events such as educational seminars, workshops, working lunches, hackathons, etc. Through t these programs, HUB387 members will be able to enjoy educational benefits while connecting with other leaders and experts in IT industry and building their networks. HUB 387 will develop a web-portal to provide services to diaspora businesses in the IT sector.
- Swiss State Secretariat for Economic Affairs is preparing a contribution to a World Bank Remittances and Payments Program 2014-2020. The initial focus will be on Albania, Serbia, and Kosovo. Bosnia and Herzegovina and Macedonia will come later in the program as Batch 2 of countries following initial results achieved in Batch 1 countries. Ukraine, Azerbaijan, Kyrgyzstan, Tajikistan (option: Tunisia, Egypt) will come in Batch 3 of countries. The program's overarching strategic goal is to improve the overall market for remittances and ultimately achieve further financial inclusion, broader usage of electronic payments and the reduction of the cost of remittances. This will allow the migrants and their families a net increase of the available resources for their daily needs, savings and investments.
- Netherlands: The Dutch government works in many different ways with the private sector to achieve economic development. The Dutch Good Growth Fund supports SMEs in both the Netherlands and BiH. The DGGF stimulates the provision of finance to companies including joint venture of Dutch and BiH companies - 90% has been initiated by BiH diaspora. The Dutch Center for International Legal Cooperation is implementing the project focusing on strengthening the operational and institutional capacities of the migration authorities of BiH in order to bring the asylum and migration policy and practice of BiH further in line with the EU acquires.

C.8 KEY ASSESSMENTS, REPORTS, AND ANALYSIS

- Developing a Road Map for Engaging Diaspora Development-IOM/Migration Policy Institute
- Migration and Remittances Brief, WB (2015);
- USAID Diaspora Direct Investment (DIRECT DIASPORA INVESTMENT): The untapped resource for development; Balasubramanyam, V.N. and Y.Wei;
- Maximizing the Development Impact of Migration-related Development Flows and Investment into Bosnia & Herzegovina, IOM Study, 2010;
- IASCI/IOM, 2010;
- Migration and Development: Mainstreaming the Concept on Migration and Development into Relevant Policies, Plans and Actions in Bosnia and Herzegovina, UNDP, Ministry of Human Rights and Refugees and Swiss Development Agency 2015;
- Policies and Politics in Diaspora Contribution: Effects of Migrant Sending and Receiving Government Policies on Diaspora Contribution to the Home Country - Including a Case Study on the Bosnian Diaspora in Germany"- Graflaand, Puck (2012)
- To BiH or not to BiH?: "A report on the return of young Diaspora to the BiH labour market," MDG Achievement Fund, Youth Employability and Retention Programme-Oruc;
- Foreign Investors Council of Bosnia and Herzegovina "White Book," 2012 – 2013;
- Opportunity Overview-Market Assessment and Recommendations for Bosnia and Herzegovina- Steve Matzie and Romi Bhatia/ USAID/DCA;
- Mobilizing Diaspora Entrepreneurship for Development, USAID and Kathleen Newland and Hiroyuki Tanaka Migration Policy Institute;

- The Scientific diaspora as the Brain Gain Option: Exploring the Case of Bosnia and Herzegovina: Association Alumni of the Center for Interdisciplinary postgraduate Studies- Sara Nikolic, Borisa Marovic and Emina Cosic;
- Foreign Investors Council of Bosnia and Herzegovina “White Book,” 2012 - 2013.

END OF SECTION C

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